GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:763
ANSWERED ON:31.07.2006
INCREASE IN PRICES OF DRUGS
Jha Shri Raghunath

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether some pharmaceutical companies are reported to increase prices of drugs from 20 to 50 percent unreasonably during the last one year;

(b) if so, the facts and details thereof alongwith the names of such drugs;

(c) the steps taken by the Government to reduce the prices of all these drugs; and

(d) the outcome of the investigation carried out by the Government to ascertain the reasons for the increase in prices of drugs by the pharmaceutical companies?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF THE STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K, HANDIQUE):

(a) to fd) As per the oresent Pharma Pricing Policy, the 74 bulk drugs specified n the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) n accordance with the provisions of the DPCO, 95. These drugs have been kept under price control on the basis of criteria mentioned in ` Modifications in Drug Policy, 1986`, announced in September, 1994.
Prices of non-Scheduled formulations are fixed by tne manufacturers themselves keeping in view the various factors like cost of production, marketing expenses, R and D expenses, trade commission, market competition, product innovation, product quality etc., The NPPA monitors the prices of medicines as per monthly Retail Audit Reports of ORG-IMS Research Pvt. Ltd. The Government takes corrective measures where the public interest is found to be adversely affected.
During the course of its monitoring activity for non Scheduled formulations, the NPPA has detected some cases where the price increase was more than 20% during a span of 12 months as per ORG-IMS data. The NPPA has referred these cases to the Department of Chemicals and Petrochemicals for appropriate action.
The common reasons for rise in the prices of medicines are:â€”
(a) Rise in the price of bulk drugs

(b) Rise in the cost of production/import

(c) Rise in the cost of transport, freight rates

(d) Rise in the cost of utilities like fuel, power, diesel etc.

(e) For imported medicines, rise in the c.i.f. price and depreciation of the Rupee

(f) Changes in taxes and duties